



## Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

April 18, 2003

**TO:** School District Administrators

**FROM:** Gerri Ogle, Associate Commissioner, Administrative and Financial Services  
Dale Carlson, Director, School Finance  
Tom Quinn, Director, School Governance

**RE:** April Financial Information

### Mailing of Finance Memo and Payment Transmittals

As indicated in the March memo, the monthly Financial/Transportation/Governance Memorandum and the payment transmittals previously mailed each month will only be mailed in months in which other district specific documents need to be mailed. There are no other documents to mail in April, therefore, the April memo and the April transmittals are only available on the School Finance WEB page. The Internet addresses for the specific areas are:

School Finance - <http://www.dese.state.mo.us/divadm/finance/index.html>

School Transportation - <http://www.dese.state.mo.us/divadm/trans/index.html>

School Governance - <http://www.dese.state.mo.us/divadm/govern/index.html>

### Prior Year (2001-02) Proration Factor - Basic Formula Adjustment

Each year the prior year apportionment is recalculated from November through the following June. Therefore, the amount due the district for 2001-02 will be recalculated each month from November 2002 through June 2003.

There will likely be prior year corrections in each of the remaining months of the 2002-03 payment year due to continued data corrections which change the 2001-02 proration factors. A detailed explanation for the prior year apportionment recalculation was provided in the November 2002 monthly memo. The 2001-02 proration factors have decreased from the June 2002 factor as follows:

	<u>Lines 1A &amp; 14A</u>	<u>Lines 1B &amp; 14B</u>
June 2002 Proration Factor:	1.00000000	0.97852605
November 2002 Recalculation of the 2001-02 Proration Factor:	0.99951523	0.94951523
December 2002 Recalculation of the 2001-02 Proration Factor:	0.99957995	0.94957995
January 2003 Recalculation of the 2001-02 Proration Factor:	0.99951498	0.94951498
February 2003 Recalculation of the 2001-02 Proration Factor:	0.99952404	0.94952404
March 2003 Recalculation of the 2001-02 Proration Factor:	0.99953339	0.94953339
<b>April 2003 Recalculation of the 2001-02 Proration Factor:</b>	<b>0.99957333</b>	<b>0.94957333</b>

### Current Year (2002-03) Proration Factor

Two Basic Formula calculations were made for the November (1st Live) payment. The first calculation, labeled as SASM 1355, represents the Basic Formula calculation using statutory language in effect prior to August 28, 2002 (prior to the implementation of HB 1711) and is referred to as the 2 month calculation. The proration factor used in that calculation represents the proration of available Basic Formula and Line 14 dollars using the previous definitions of the formula. The 2 month formula calculation will not be recalculated each month. The second calculation completed in November, labeled as SA 128, represents the Basic Formula calculation subsequent to the

implementation of HB 1711 and is referred to as the 10 month calculation. The SA 128 Basic Formula calculation will be recalculated each month. Be aware that the proration factors will decrease in the remaining months of May and June 2003.

	<u>Lines 1A &amp; 14A</u>	<u>Lines 1B &amp; 14B</u>
November 2002 SASM 1355 (2 Month Calculation-Current Year)	0.97914239	0.92914239
November 2002 SA 128 (10 Month Calculation-Current Year)	0.99748091	0.94748091
December 2002 SA 128 (10 Month Calculation-Current Year)	0.99722573	0.94722573
January 2003 SA 128 (10 Month Calculation-Current Year)	0.99720839	0.94720839
February 2003 SA 128 (10 Month Calculation-Current Year)	0.99644158	0.94644158
March 2003 SA 128 (10 Month Calculation-Current Year)	0.99199626	0.94199626
<b>April 2003 SA 128 (10 Month Calculation-Current Year)</b>	<b>0.98673749</b>	<b>0.93673749</b>

The proration factors in the June 2003 calculation will be approximately .98 for Lines 1A and 14A and .93 for Lines 1B and 14B reflective of the \$61.3 million withholding in the Foundation Program.

### Vocational Payment Report

The Department will no longer be mailing out the Vocational Payment Report (EX053-A) to school districts. Beginning with the April school payment, this report will be posted on the Division of Vocational and Adult Education web page at <http://www.dese.state.mo.us/divvoked/>. From this page, please select the Voc Payment Statement button on the lower left hand side of the screen. Next, select your district from the dropdown box, and finally, select the month to view the vocational breakdown of your vocational payment for that month.

### Final Reminder: Estimated Eligible Pupils (EP)

Since the regular school term is nearing completion, the district should be able to make a reasonably accurate estimate of the current year actual eligible pupil count. To minimize the reduction in the proration factor when the 2002-03 Basic Formula is recalculated during the 2003-04 year, all districts should seriously and deliberately review their 2002-03 regular term attendance data to date, including applicable remedial attendance data to date, and the actual 2002 summer school data submitted on Core Data Screen 16. If the district's attendance data for the 2002-03 regular year, including the applicable remedial attendance data, plus the 2002 summer school ADA doubled (not to exceed 5% of the 2002-03 regular term) yields a projected EP greater than the EP currently being used in the 2002-03 Basic Formula, the district should submit an estimate on Core Data Screen 2 by May 15. (See previous memos for additional information on estimating EP.)

### 2003-04 Budgeting

This week (April 14-18) the Senate Appropriations Committee completed its proposals on the state's Fiscal Year 2004 (FY04) budget. The Senate Appropriations Committee approved proposed reductions to DESE's budget of \$337 million from the amounts recommended by Governor Holden for FY04. The proposed reductions in aid for Basic Formula, Line 14, transportation, gifted and remedial reading total \$304 million. The Committee is also recommending to the full Senate that the first \$100 million of new revenue increases be added to the Basic Formula and Line 14. Significant reductions also have been proposed in funding for MAP testing, the A+ Schools program, technology and Safe Schools grants, career ladder and Parents as Teachers, as well as in the Department's operating expenses.

We have prepared a simulation to show the approximate impact of the proposed reductions on aid for Basic Formula, Line 14, transportation, gifted and remedial reading in each school district. You may access the simulation at <http://www.dese.state.mo.us/>.

For each area, there is a column simulating the distribution of FY03 funds as if there had been no withholdings during the current year; a column projecting the amounts for FY04 based on each district's current year (FY03) data factors; and a column showing the difference between the two years. **The numbers provided in this simulation report are projections; they do not reflect the actual amounts that any district will receive in 2003-04.**

The budget figures recommended by the Senate Appropriations Committee are still subject to final approval by the full Senate and then by the House. The Senate Appropriations Committee budget proposals will be presented to the full Senate for approval, probably the week of April 21. The final dollar amount for the formula, categoricals and state funded grant programs may not be known until May 9, the last date for adopting the state budget. We will do our best to keep you posted on the fast-moving budget negotiations.

Projections of likely proration factors for the Basic Formula and Line 14 at two general reduction levels are:

<u>Reduction Amount</u>	<u>Lines 1A &amp; 14A</u>	<u>Lines 1B &amp; 14B</u>
\$200 million	.895	.845
\$300 million	.87	.82

**If your board must make budgetary decisions before the General Assembly finalizes the FY04 budget, be very conservative in your 2003-04 revenue projections.**

### **Reporting Pre-Kindergarten (PK) Students**

**Screen 16** - Pre-kindergarten (PK) students are reported for enrollment only on Screen 16. Please ensure the appropriate enrollment data for PK students have been entered on Screen 16. Do not report full-time or part-time PK membership on Screen 16 as these students are not counted for state aid purposes.

**Screen 14** - Do not report PK attendance hours on Screen 14 as these students are not counted for state aid purposes.

**Screen 15** - PK students are reported on Screen 15 in the Federal Programs Headcount if they meet the appropriate age span. PK students are not reported on Screen 15 in the SB380 FTE count as these students are not eligible for Line 14 state aid. Please review the following definitions and the data your district has reported on Screen 15.

**The Federal Programs Headcount** is a headcount taken the last Wednesday in January of children ages 5-17 inclusive (as of the prior October 1) who reside in the district, whose eligibility for free or reduced lunch is documented, and who do not attend a private or parochial school. Report students by their county of residence and count all eligible students regardless of whether or not they actually eat breakfast/lunch. (Desegregation students are counted by the district in which the student resides.) **Include PK students only if they meet the appropriate age span.**

**SB 380 FTE** is a full-time equivalency (FTE) taken the last Wednesday in January of resident students enrolled in grades K-12 **and** in attendance one of the ten preceding school days whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process). (Desegregation students are considered residents of the district in which the students are educated). Students are counted regardless of whether or not they actually eat breakfast/lunch. Students for whom the Department does not distribute state aid are not counted (i.e., students in preschool, the Parents as Teachers Program, state schools). **Do not include PK students.**

### **Attendance Reporting**

**MAP Testing** - During MAP testing, some districts may have chosen to release some students who are not involved in the testing process (such as seniors), allow some students not involved in the testing process to come to school late, allow students to come to school at the time of the test, etc. While the district may make such decisions, the district cannot count the student as being in attendance during those hours the student was absent. **A student is not to be counted as in attendance unless the student is actually present and under the direct supervision of a certificated staff member.** If the district has claimed attendance for students under this particular condition, it must revise Core Data Screen 14 for the previous year as well as adjust the current year attendance records.

**Excused Absences** - A district may have policies allowing an excused absence for various purposes such as illness, religious beliefs, testing, etc. However, there is no authority to give attendance credit for students not in attendance nor under the direct supervision of a certificated teacher. Students must be in attendance in an instructional capacity under the direct supervision of a certificated employee of the district to be counted for attendance purposes.

**Coding of At-Risk Expenditures**

Section 166.260, RSMo, provides statutory guidance concerning the allowable expenditures for Line 14 monies. Some confusion exists as to the actual journal entries required and how these should be reported on both the Annual Secretary of the Board Report (ASBR) and in the district's independent audit. The amount of Line 14 revenue is a defined amount (the amount receipted into Revenue Code 5318). If a district does not fully expend the current year receipts (Revenue Code 5318) for at-risk expenditures, it must carry over amounts not expended in the current year as a restricted fund balance.

The question is, what amount should be reported as at-risk expenditures on the ASBR and in the audit? Since at-risk expenditures may apply to any expenditure object, districts have been advised to use the extension code of .18 to identify at-risk expenditures of the Line 14 revenue. It is necessary to identify at-risk expenditures to ensure that, as a minimum, the Line 14 monies are fully expended in the current year or carried over for appropriate uses in subsequent years. If an expenditure has been identified as an at-risk expenditure, it should be reported on the ASBR and in the audit as an at-risk expenditure. It is not appropriate to answer the audit question, "The district's expenditures for At-Risk activities were \$ \_\_\_\_\_", by indicating the revenue amount received. The correct response is the actual amount of at-risk expenditures.

**2002-03 ASBR E-Mail Contact Person**

The notification process used for the ASBR, such as notification of edit letters, balance letters, etc., is done by e-mail. In order to provide proper and timely notification of ASBR related functions, DESE must have an accurate e-mail address for the person responsible for these ASBR functions. This e-mail address must be reported on Core Data Screen 3 in the block for FINANCE. Please check the information on Screen 3 to ensure the e-mail address in the FINANCE block is correct.

## ***SCHOOL TRANSPORTATION***

### **April Payment**

The district's April 2003 state transportation aid calculation (BU110) for the 2002-03 payment cycle is now available on the web. This calculation is based on the 2001-02 school year data taken from state transportation aid documents and the Annual Secretary of the Board Report (ASBR). *Any transportation changes that need to be made to the transportation documents of the ASBR need to be completed by May 1, 2003.* The percent of reduction to the calculated entitlement computed for the April 2003 payment is 17.116790% and reflects the FY03 withholding. This reduction percentage fluctuates from month to month as revisions are made to individual school district data. For those districts using the transportation aid calculation computer program or Excel spreadsheet, the April 2003 state constant for the A factor is 2.141374 and the B factor is 1.472923.

### **School Transportation Section Website**

The School Transportation website address is <http://www.dese.state.mo.us/divadm/trans/index.html>. This website is updated regularly with current transportation information including the transportation calculation program, each school district's Calculation for State Transportation Aid, a listing of certified school bus driver instructors, as well as helpful links to other transportation sites. Please visit this site to see what is now available.

### **School Bus Aisle Blocking**

State Board of Education Rule 5 CSR 30-261.010 requires that school bus aisles not be blocked. As your district makes field trips and activity trips this spring, please ensure that all school bus drivers know and adhere to this rule. The aisles must be free of any obstruction so the bus, if needed, could be evacuated without difficulties caused by the aisles being blocked by trash cans, coolers, book bags, band equipment, or other items.

## ***SCHOOL GOVERNANCE***

### **Boundary Change**

As requested in the March memo, and if not already submitted, please send a copy of the ballot with a legal description of any boundary change made in your district as a result of the April Election. This information should be sent to the School Governance Section.

### **Support Staff Workshops**

The February Finance Memo included information on and an application for the Plant Support Staff Workshops to be held this summer in five locations. It would be helpful, if your district plans to send staff to the workshops, to return the application as soon as possible. The workshop information is available on the web at <http://www.dese.state.mo.us/divadm/govern/workshops.html>.

<http://www.dese.state.mo.us>